

SERFF Tracking Number: AFDL-126060237 State: Arkansas  
Filing Company: American Fidelity Assurance Company State Tracking Number: 41726  
Company Tracking Number: AAMD35.R309  
TOI: A10 Annuities - Other Sub-TOI: A10.000 Annuities - Other  
Product Name: AAMD35.R309 403(b) Annuity Rider  
Project Name/Number: /

## Filing at a Glance

Company: American Fidelity Assurance Company

Product Name: AAMD35.R309 403(b) Annuity Rider SERFF Tr Num: AFDL-126060237 State: Arkansas

Rider

TOI: A10 Annuities - Other

SERFF Status: Closed-Approved-  
Closed State Tr Num: 41726

Sub-TOI: A10.000 Annuities - Other

Co Tr Num: AAMD35.R309

State Status: Approved-Closed

Filing Type: Form

Reviewer(s): Linda Bird

Author: Kathy Munsey

Disposition Date: 03/09/2009

Date Submitted: 03/05/2009

Disposition Status: Approved-  
Closed

Implementation Date Requested: On Approval

Implementation Date:

State Filing Description:

## General Information

Project Name:

Status of Filing in Domicile: Authorized

Project Number:

Date Approved in Domicile: 03/04/2009

Requested Filing Mode: Review & Approval

Domicile Status Comments: approved.

Explanation for Combination/Other:

Market Type: Individual

Submission Type: New Submission

Group Market Size:

Overall Rate Impact:

Group Market Type:

Filing Status Changed: 03/09/2009

Explanation for Other Group Market Type:

State Status Changed: 03/09/2009

Deemer Date:

Created By: Kathy Munsey

Submitted By: Kathy Munsey

Corresponding Filing Tracking Number:

Filing Description:

Enclosed for submission is the AAMD35.R309, which will replace the previously filed and approved version, AAMD35.R1108. We have found two typographical errors that must be corrected. These corrections are shown on the supporting document "AAMD35.R308 underlined changes.

I, Kathy Munsey, hereby certify that the only changes made to this form are those shown in underline and highlight on the copy labeled "AAMD35OR.R1108 Underlined Changes".

We will begin using this form immediately upon approval. This is federally mandated language, therefore, no Flesch

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score has been calculated.

This rider form may eventually be issued from an automated system. We will make every attempt to produce this automated version to duplicate this final printed format; however, fonts and word wrap can vary when going from one system or printer to another. We will not alter the wording and will try to duplicate all pages, including keeping the verbiage on each page as submitted for approval. The forms may be printed on white, cream, or gray paper.

## Company and Contact

### Filing Contact Information

Kathy Munsey, Compliance Analyst III kathy.munsey@af-group.com  
 2000 North Classen Blvd 405-523-5406 [Phone]  
 Oklahoma City, OK 73106

### Filing Company Information

American Fidelity Assurance Company CoCode: 60410 State of Domicile: Oklahoma  
 2000 North Classen Blvd Group Code: Company Type: LAH  
 Oklahoma City, OK 73106 Group Name: State ID Number:  
 (405) 523-2000 ext. [Phone] FEIN Number: 73-0714500

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## Filing Fees

Fee Required? Yes  
 Fee Amount: \$25.00  
 Retaliatory? Yes  
 Fee Explanation: 1 rider @ \$25  
 Per Company: No

| COMPANY                             | AMOUNT  | DATE PROCESSED | TRANSACTION # |
|-------------------------------------|---------|----------------|---------------|
| American Fidelity Assurance Company | \$25.00 | 03/05/2009     | 26150076      |

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## Correspondence Summary

### Dispositions

| Status          | Created By | Created On | Date Submitted |
|-----------------|------------|------------|----------------|
| Approved-Closed | Linda Bird | 03/09/2009 | 03/09/2009     |

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## Disposition

Disposition Date: 03/09/2009

Implementation Date:

Status: Approved-Closed

Comment:

Rate data does NOT apply to filing.



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## Form Schedule

**Lead Form Number: AAMD35.R309**

| Schedule Item Status | Form Number | Form Type  | Form Name            | Action  | Action Specific Data   | Readability | Attachment      |
|----------------------|-------------|--|----------------------|---------|--|-------------|-----------------|
|                      | AAMD35.R309 | Certificate Amendment, Insert Page, Endorsement or Rider | 403(b) Annuity Rider | Revised | Replaced Form #: AAMD35.R1108<br>Previous Filing #: AFDL-125903585 | 0.000       | AAMD35.R309.pdf |

# American Fidelity Assurance Company

2000 N. Classen Boulevard

Oklahoma City, Oklahoma 73106

## 403(b) Annuity rider

This rider is attached to and made a part of the Annuity Contract issued by American Fidelity Assurance Company to qualify the Contract as a tax-deferred annuity under Section 403(b)(a) of the Internal Revenue Code as the same may be amended or supplemented from time to time. If any provisions of the Contract conflict with this rider, the provisions of this rider will apply.

In this rider, "we", "us", "our" and "Company" refer to American Fidelity Assurance Company. "You", "your" and "Participant" refer to the Owner.

### ARTICLE I - DEFINITIONS

When capitalized, the following words and phrases will have the meanings shown below unless the context indicates that other meanings are intended.

- 1.01 **Annuity** - Means the 403(b) Annuity established pursuant to this rider and the underlying Contract for the benefit of the Participant and, when implied, refers to the assets, if any, then held by us.
- 1.02 **Beneficiary** - Means the person(s) designated to receive any distributions from the Annuity upon the Participant's death.
- 1.03 **Code** - Means the Internal Revenue Code of 1986, as amended from time to time.
- 1.04 **Compensation** - Means the Compensation received from the Employer that is includible income of the Employee as defined in Section 403(b)(1)(3) of the Code. Compensation will not exceed \$200,000, as adjusted for increases in the cost-of-living in accordance with Section 401(a)(17)(B) of the Code.
- 1.05 **Contract** – Means the annuity contract to which this rider is attached.
- 1.06 **Designated Beneficiary** - Means the Beneficiary named as of the date of your death who remains a Beneficiary as of September 30 of the year following the year of your death.
- 1.07 **Employee** - Means any person who regularly performs services, or has performed services, for an Employer in exchange for Compensation. Neither a leased employee (as defined in Section 414(n)(6) of the Code) nor an independent contractor shall be considered an Employee.
- 1.08 **Employer** - Means an entity described in the Code which is eligible to make Premiums to Annuities under Section 403(b) and is considered the Plan Sponsor for purposes of the written plan.
- 1.09 **Participant** - Means any Employee who has established a 403(b) Annuity by signing an application with the Issuer and to whom a Contract and this rider have been issued.
- 1.10 **Plan** – Means the 403(b) Plan written and maintained by the Plan Sponsor.
- 1.11 **Premium** – Means any payments made to the Annuity.

### ARTICLE II - PREMIUMS

- 2.01 **Premiums** – Premiums must be made by the Employer that maintains the Plan, except in the case of a rollover contribution, intra-plan exchange or plan-to-plan transfer. All premiums must be paid in cash. The Employer may not make Premium payments after the Participant's death.

## 2.02 **Elective Deferrals and Catch-Up Premiums**

- (a) Elective deferrals are Premiums made by your Employer on your behalf under a salary reduction agreement. You will designate the amount or percent of Compensation that is to be deferred. That amount or percent will be in effect until changed in writing by you. You may change or end the agreement at any time as permitted by the Employer.
- (b) Catch-Up Premiums are elective deferrals made for a calendar year by a Participant who is or will be age 50 before the end of that year. If allowed by the Employer, you may be eligible to make catch-up Premiums in accordance with Section 414(v) of the Code.

2.03 **Employer Contribution Premiums** – If permitted by the Plan, Employer contributions may be made to the Annuity. The amount of the Premiums will be set in the Plan. The amount of the Premiums will not exceed any applicable federal or state limitations.

2.04 **Maximum Contribution Limits** - In no event will your Premiums to the Annuity for a tax year exceed the maximum amount permitted under current law or the Plan, if less.

- (a) The Premiums made during a tax year on your behalf, when aggregated with other Premiums made through the Employer, will not exceed the limitations set forth in Section 403(b)(1) and Section 415 of the Code for that year.
- (b) The maximum of all applicable elective deferrals, including to this Annuity, made on your behalf during the tax year will not exceed the limitations in Section 402(g) of the Code.
- (c) Premiums, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code.
- (d) Catch-Up Premiums under Section 414(v) of the Code will be subject to the contribution limits of that section.
- (e) You and the Employer are solely responsible for determining your maximum annual Elective Deferrals.

2.05 **Rollover to Annuity** - We may accept eligible rollover distributions from the following sources to be applied to the Annuity and accounted for separately, if allowed by the Plan:

- (a) a qualified plan described in Section 401(a) or 403(a) of the Code (other than after-tax employee contributions);
- (b) an annuity Contract or custodial account described in Section 403(b) of the Code (other than after-tax employee contributions);
- (c) an eligible plan under Section 457(b) of the Code that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state;
- (d) the portion of a distribution from an individual retirement account or annuity described in Section 408(a) or 408(b) of the Code that is eligible to be rolled over and would otherwise be includible in gross income; or,
- (e) eligible rollover distributions made to the Participant as a surviving spouse, or as a spouse or former spouse who is the alternate payee under a qualified domestic relations order as defined in Section 414(p) of the Code.

No amount that is distributed on account of hardship will be an eligible rollover distribution.

You will certify, in a manner acceptable to us, that such amounts are eligible rollover distributions. We are not responsible for determining whether any rollover is proper and we reserve the right not to accept any rollovers.

2.06 **Plan to Plan Transfers and Exchanges to Annuity** – If permitted by the Plan, you may transfer or exchange assets from another annuity Contract or custodial account described in Section 403(b) of the Code to this Annuity. You will certify, in a manner acceptable to us, that the transfer or exchange satisfies all current requirements for

such a transaction. We are not responsible for determining whether any such transfer or exchange is proper and we reserve the right not to accept any plan-to-plan transfers or tax free exchanges.

- 2.07 **Excess Premium Amounts** - If required or permitted by law or regulations, we may distribute any excess amount to you or the Employer. For purposes of this Section, an excess amount is the amount of any contribution made on your behalf for a tax year that exceeds the maximum amount allowable as a contribution for such tax year. Excess amount, including any allocated income, that is not permitted to be distributed will be held in a separate account and dispersed as allowed by applicable Code sections.

### ARTICLE III – PAYMENT OF BENEFITS

- 3.01 **Limitations on Payment of Benefits** - Subject to the limitations described in this rider, you may request a distribution from the Annuity upon the occurrence of one of the following events:

- (a) your attainment of age 59½;
- (b) your disability within the meaning of Section 72(m)(7) of the Code;
- (c) the Participant's death;
- (d) your severance from employment;
- (e) your financial hardship, as described in Article 3.02 of this rider;
- (f) a qualified reservist distribution under Section 414(w)(2) of the Code; or
- (g) the termination of the Plan by the Plan Sponsor.

If the value of this Annuity immediately preceding the 1989 plan year is known, such pre-1989 amounts are not subject to the distribution limitations described above unless otherwise limited by the Code or Plan requirements.

All requests for withdrawal must be in writing on a form provided by or acceptable to us. Your tax identification number (or the Beneficiary's, if applicable) must be provided to us prior to distribution. Withdrawals will be subject to all applicable tax and other laws and regulations, and Plan requirements of the Employer.

- 3.02 **Financial Hardship** – The term “financial hardship” means a financial need you incur as defined by Section 403(b)(11)(B) of the Code and may be limited by the Plan. No distributions on account of financial hardship can exceed the amount that is required to meet the immediate financial need created by the hardship. The hardship cannot be reasonably satisfied from other resources.

A financial hardship distribution may consist only of the amounts contributed through a salary reduction agreement. Earnings on the salary reduction Premium may not be included as part of the distribution. Elective deferrals must be suspended for a period of six months after your receipt of a hardship distribution. It is the Participant's responsibility to notify the Employer of the hardship distribution and the Employer's responsibility to cease the elective deferrals for the required period.

You will determine the existence of a financial hardship. If you request a distribution on account of financial hardship, you must certify, in a manner acceptable to the Plan, that a financial hardship exists and provide documentation of the hardship amount. The transaction must be approved in accordance with the requirements of the Plan.

### 3.03 **Required Minimum Distributions**

- (a) You must begin taking distributions from the Annuity no later than your required beginning date. The required beginning date will be the first day of April of the calendar year following the calendar year in which you either attain age 70½ or retire, whichever is later. The Required Minimum Distribution of your interest in the Annuity will be made in accordance with the requirements of Sections 403(b)(10) and 401(a)(9) of the Code and the regulations thereunder. Those provisions are incorporated by reference.

- (1) Your Annuity will commence to be distributed no later than the required beginning date over:
  - (A) your life or the lives of you and a Designated Beneficiary; or
  - (B) a period certain not extending beyond your life expectancy or the joint and last survivor expectancy of you and a Designated Beneficiary.

- (2) The value of the Annuity for purposes of this Section is the prior December 31 balance adjusted to include the amount of any outstanding rollovers and transfers and the actuarial value of any other benefits provided under the Annuity.
  - (3) If you participate in two or more 403(b) arrangements, you may satisfy the minimum distribution requirements by taking from one 403(b) arrangement the amount needed to satisfy the requirement.
  - (4) If the value of the Annuity as of December 31, 1986 is determinable, that amount will not be subject to a required minimum distribution until the calendar year you attain age 75 or such other date as may be allowed by law.
  - (5) It is your responsibility to satisfy the required minimum distribution rules. We will not be liable for any penalties or taxes related to your failure to take a required minimum distribution.
- (b) If you die before your entire interest is distributed to you, the entire remaining interest will be distributed as required by Section 401(a)(9) of the Code and the regulations thereunder.

3.04 **Eligible Rollover Distributions** - At your election, or the election of your surviving spouse Beneficiary, we will pay any eligible rollover distribution to an eligible retirement plan (as described in Sections 408, 401(a) or 403(a), 403(b), or 457(b) of the Code) as a direct rollover. The definition of eligible retirement plan will also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code. No amount that is distributed on account of hardship will be an eligible rollover distribution.

You or your surviving spouse Beneficiary or former spouse must specify the plan to which the eligible rollover distribution is to be paid, and satisfy such other reasonable requirements as we may impose.

#### ARTICLE IV - ADMINISTRATION

4.01 **Duties of the Company** - We shall have the following obligations and responsibilities:

- (a) to hold Premiums received by it in the Annuity, apply the Premiums pursuant to the Participant's instructions and distribute Annuity assets as required under this rider; and
- (b) to maintain records of all relevant information as may be necessary for the proper administration of the Annuity.

4.02 **Company Not Responsible for Certain Actions** – The Employer and the Participant will, to the extent permitted under law, indemnify and hold us, our employees and our agents harmless from and against any liability which may occur in the administration of this rider unless arising from our breach of our responsibilities under this rider. It is the specific intention of the parties that no fiduciary duties be conferred upon us, our employees or agents nor will any be implied from this rider or acts of us, our employees or agents. We shall not be required to perform any additional services unless specifically agreed to under the terms and conditions of this rider, or as required under the Code with respect to 403(b) plans.

#### ARTICLE V - AMENDMENT OF RIDER

5.01 We may amend this rider to comply with the Code and related regulations. Any amendment we make to comply with the Code and related regulations does not require your consent. We may also amend this rider to the extent necessary or appropriate to permit the efficient administration of the Annuity. You will be deemed to have consented to such amendment unless, within 30 days from the date we mail the amendment, you notify us in writing that you do not consent. No amendment shall be made which may operate to disqualify the Annuity under Section 403(b) of the Code.

#### ARTICLE VI - MISCELLANEOUS

6.01 **Applicable Law** – This rider is established with the intention that it qualify as an Annuity under Section 403(b) of the Code, and that Premiums be treated as such. This rider is subject to applicable federal and state laws and regulations. If it is necessary to apply any state law to interpret and administer this rider, the law of the state in which this Policy is issued will govern.

If any provision of this rider is for any reason deemed invalid or unenforceable, the remaining provisions will continue in full force and effect. Neither the Owner's nor our failure to enforce any of the provisions of this rider for any period of time will be construed as a waiver of such provisions, or the Owner's right or our right thereafter to enforce each and every such provision.

6.02 **Nonalienation** – Except as required in Article 6.04 of this rider, this 403(b) Annuity and its assets will be nonforfeitable at all time. You may not assign, pledge or in any manner encumber this Annuity, nor will this Annuity be subject to garnishment, attachment, execution or levy of any kind.

6.03 **Notices** - Any required notice regarding this Annuity will be considered effective when we send it to the last address in our records. Any notice to be given to us will be considered effective when we actually receive it. You must notify us of any change of address.

6.04 **Matters Relating to Divorce** - Upon receipt of a Qualified Domestic Relations Order (QDRO), we may retain an independent third party to determine whether the order is a qualified domestic relations order pursuant to Section 414(p) of the Code. In some instances, the determination will be performed by the Employer or the Employer's representative.

A QDRO can specify that the payment will be made at any time, either before or after a Participant's "earliest retirement age". If the QDRO does not so specify, payments under a QDRO will begin on the date of your earliest retirement age. For purposes of the QDRO, earliest retirement age will be the earlier of:

- (1) the date on which you are entitled to a distribution of benefits under the Annuity, or
- (2) the later of the date you attain age 50 or the earliest date on which you could obtain a distribution if you were separated from service.

Distribution to an alternate payee will only be made as required by the QDRO and after the QDRO is determined to meet the requirements of Section 414(p) of the Code.

6.05 **Coordination with Plan** - If this rider is used in conjunction with a 403(b) Plan sponsored by the 403(b) Owner's Employer and any terms of the 403(b) Plan and this rider conflicts, the terms of the 403(b) Plan shall govern.

6.06 **Responsibilities** – You, the Owner, represent and warrant to us that any information you provide us will be correct and may be fully relied upon by us. We will not be responsible for losses of any kind that may result from your directions to us, or your actions or failures to act. We will not be responsible for any penalties, taxes, judgments or expenses incurred in connection with this Annuity.

You will have sixty (60) days after you receive any documents, statements or other information from us to notify us in writing of any errors or inaccuracies reflected in these documents, statements or other information. If you do not notify us within 60 days, the documents, statements or other information will be deemed to be correct and accurate, and we will have no further liability or obligation for such documents, statements, other information or the transactions described therein.

To the extent written instructions or notices are required under this rider, we may accept or provide such information in any other form permitted by the Code or applicable regulations.

This rider is subject to all provisions of the Contract as long as this rider does not amend them. This rider will terminate on the same date as the Contract to which it is attached.



Secretary

SERFF Tracking Number: AFDL-126060237 State: Arkansas  
 Filing Company: American Fidelity Assurance Company State Tracking Number: 41726  
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## Supporting Document Schedules

**Item Status:** **Status**  
**Date:**

**Satisfied - Item:** Flesch Certification

**Comments:**

**Attachments:**

AR Compliance Certification.pdf  
 M-1613(R1001)-ANNUITY.pdf  
 1226(R1203)-AR.pdf

**Item Status:** **Status**  
**Date:**

**Satisfied - Item:** Application

**Comments:**

A-1218 was approved by your Department on 1-11-2006.

**Item Status:** **Status**  
**Date:**

**Satisfied - Item:** AAMD35.R309 w underlined  
 changes

**Comments:**

We have included this copy to show the changes that were made from the AAMD35.R1108 previously approved by your Department to this new AAMD35.R309.

**Attachment:**

AAMD35.R309 underlined changes.pdf



**STATE OF ARKANSAS**

**COMPLIANCE CERTIFICATION**

Form Number and Name: AAMD35.R309 403(b) Annuity Rider

I hereby certify that this filing does not discriminate unfairly between Policyholders and that it meets requirements set forth in Arkansas Rule and Regulation 19. I further certify, that to the best of my knowledge and judgment this filing is complete and accurate, and in compliance with the applicable laws and regulations of the State of Arkansas.

A handwritten signature in black ink that reads 'Cynthia Smethers'.

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Cynthia Smethers, F.S.A., M.A.A.A.  
Vice President and Product Actuarial Manager

March 5, 2009

Date

We are here to serve you . . .

As our policyholder, your satisfaction is very important to us. If you have any questions or concerns, you may reach us at:

American Fidelity Assurance Company  
2000 N Classen Boulevard  
Oklahoma City, Oklahoma 73106  
Toll Free: 1-800-662-1106

You may also contact your agent at:

American Fidelity Assurance Company  
Plaza West Building, Suite 690  
415 N McKinley  
Little Rock, AR 72205  
Telephone: 501-664-4421 (Inside Little Rock)  
Toll Free: 1-800-688-4421 (Outside Little Rock)

Should you feel you are not being treated fairly, we want you to know you may contact the Arkansas Insurance Department with your complaint and seek assistance from the governmental agency that regulates insurance. The Arkansas Insurance Department should be contacted only after you have contacted American Fidelity Assurance Company or its representative for a satisfactory solution.

To contact the Arkansas Insurance Department, write or call:

Arkansas Insurance Department  
Consumer Service Division  
1200 W Third St  
Little Rock, AR 72201  
Consumer Service: 501-371-2640  
Toll Free: 1-800-852-5494

**(THIS FORM IS NOT A PART OF YOUR CONTRACT)**

**LIMITATIONS AND EXCLUSIONS UNDER THE  
ARKANSAS LIFE AND HEALTH INSURANCE  
GUARANTY ASSOCIATION ACT**

Residents of this state who purchase life insurance, annuities or health and accident insurance should know that the insurance companies licensed in this state to write these types of insurance are members of the Arkansas Life and Health Insurance Guaranty Association ("Guaranty Association"). The purpose of the Guaranty Association is to assure that policy and contract owners will be protected, within certain limits, in the unlikely event that a member insurer becomes financially unable to meet its obligations. If this should happen, the Guaranty Association will assess its other member insurance companies for the money to pay the claims of policy owners who live in this state and, in some cases, to keep coverage in force. The valuable extra protection provided by the member insurers through the Guaranty Association is not unlimited, however. And, as noted in the box below, this protection is not a substitute for consumers' care in selecting insurance companies that are well managed and financially stable.

**DISCLAIMER**

The Arkansas Life and Health Insurance Guaranty Association ("Guaranty Association") may not provide coverage for this policy. If coverage is provided, it may be subject to substantial limitations or exclusions and require continued residency in this state. You should not rely on coverage by the Guaranty Association in purchasing an insurance policy or contract.

Coverage is NOT provided for your policy or contract or any portion of it that is not guaranteed by the insurer or for which you have assumed the risk, such as non-guaranteed amounts held in a separate account under a variable life or variable annuity contract.

Insurance companies or their agents are required by law to provide you with this notice. However, insurance companies and their agents are prohibited by law from using the existence of the Guaranty Association to induce you to purchase any kind of insurance policy.

The Arkansas Life and Health Insurance Guaranty Association  
c/o The Liquidation Division  
1023 West Capitol  
Little Rock, Arkansas 72201

Arkansas Insurance Department  
1200 West Third Street  
Little Rock, Arkansas 72201-1904

The state law that provides for this safety-net is called the Arkansas Life and Health Insurance Guaranty Association Act ("Act"). Below is a brief summary of the Act's coverages, exclusions and limits. This summary does not cover all provisions of the Act; nor does it in any way change anyone's rights or obligations under the Act or the rights or obligations of the Guaranty Association.

**COVERAGE**

Generally, individuals will be protected by the Guaranty Association if they live in this state and hold a life, annuity or health insurance contract or policy, or if they are insured under a group insurance contract

issued by a member insurer. The beneficiaries, payees or assignees of policy or contract owners are protected as well, even if they live in another state.

### **EXCLUSIONS FROM COVERAGE**

However, persons owning such policies are NOT protected by the Guaranty Association if:

- They are eligible for protection under the laws of another state (this may occur when the insolvent insurer was incorporated in another state whose guaranty association protects insureds who live outside that state);
- The insurer was not authorized to do business in this state;
- Their policy or contract was issued by a nonprofit hospital or medical service organization, an HMO, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company or similar plan in which the policy or contract owner is subject to future assessments, or by an insurance exchange.

The Guaranty Association also does NOT provide coverage for:

- Any policy or contract or portion thereof which is not guaranteed by the insurer or for which the owner has assumed the risk, such as non-guaranteed amounts held in a separate account under a variable life or variable annuity contract;
- Any policy of reinsurance (unless an assumption certificate was issued);
- Interest rate yields that exceed an average rate;
- Dividends and voting rights and experience rating credits;
- Credits given in connection with the administration of a policy by a group contract holder;
- Employers' plans to the extent they are self-funded (that is, not insured by an insurance company, even if an insurance company administers them);
- Unallocated annuity contracts (which give rights to group contractholders, not individuals);
- Unallocated annuity contracts issued to/in connection with benefit plans protected under Federal Pension Benefit Corporation ("FPBC")(whether the FPBC is yet liable or not);
- Portions of an unallocated annuity contract not owned by a benefit plan or a government lottery (unless the owner is a resident) or issued to a collective investment trust or similar pooled fund offered by a bank or other financial institution);
- Portions of a policy or contract to the extent assessments required by law for the Guaranty Association are preempted by State or Federal law;
- Obligations that do not arise under the policy or contract, including claims based on marketing materials or side letters, riders, or other documents which do not meet filing requirements, or claims for policy misrepresentations, or extra-contractual or penalty claims;
- Contractual agreements establishing the member insurer's obligations to provide book value accounting guarantees for defined contribution benefit plan participants (by reference to a portfolio of assets owned by a nonaffiliate benefit plan or its trustees).

### **LIMITS ON AMOUNT OF COVERAGE**

The Act also limits the amount the Guaranty Association is obligated to cover: The Guaranty Association cannot pay more than what the insurance company would owe under a policy or contract. Also, for any one insured life, the Guaranty Association will pay a maximum of \$300,000 - no matter how many policies and contracts there were with the same company, even if they provided different types of coverages. Within this overall \$300,000 limit, the Association will not pay more than \$300,000 in health insurance benefits, \$300,000 in present value of annuity benefits, or \$300,000 in life insurance death benefits or net cash surrender values - again, no matter how many policies and contracts there were with the same company, and no matter how many different types of coverages. There is a \$1,000,000 limit with respect to any contract holder for unallocated annuity benefits, irrespective of the number of contracts held by the contract holder. These are limitations for which the Guaranty Association is obligated before taking into account either its subrogation and assignment rights or the extent to which those benefits could be provided out of the assets of the impaired or insolvent insurer.

**(THIS FORM IS NOT PART OF YOUR CONTRACT)**

# American Fidelity Assurance Company

2000 N. Classen Boulevard

Oklahoma City, Oklahoma 73106

## 403(b) Annuity rider

This rider is attached to and made a part of the Annuity Contract issued by American Fidelity Assurance Company to qualify the Contract as a tax-deferred annuity under Section 403(b)(a) of the Internal Revenue Code as the same may be amended or supplemented from time to time. If any provisions of the Contract conflict with this rider, the provisions of this rider will apply.

In this rider, “we”, “us”, “our” and “Company” refer to American Fidelity Assurance Company. “You”, “your” and “Participant” refer to the Owner.

### ARTICLE I - DEFINITIONS

When capitalized, the following words and phrases will have the meanings shown below unless the context indicates that other meanings are intended.

- 1.01 **Annuity** - Means the 403(b) Annuity established pursuant to this rider and the underlying Contract for the benefit of the Participant and, when implied, refers to the assets, if any, then held by us.
- 1.02 **Beneficiary** - Means the person(s) designated to receive any distributions from the Annuity upon the Participant's death.
- 1.03 **Code** - Means the Internal Revenue Code of 1986, as amended from time to time.
- 1.04 **Compensation** - Means the Compensation received from the Employer that is includible income of the Employee as defined in Section 403(b)(1)(3) of the Code. Compensation will not exceed \$200,000, as adjusted for increases in the cost-of-living in accordance with Section 401(a)(17)(B) of the Code.
- 1.05 **Contract** – Means the annuity contract to which this rider is attached.
- 1.06 **Designated Beneficiary** - Means the Beneficiary named as of the date of your death who remains a Beneficiary as of September 30 of the year following the year of your death.
- 1.07 **Employee** - Means any person who regularly performs services, or has performed services, for an Employer in exchange for Compensation. Neither a leased employee (as defined in Section 414(n)(6) of the Code) nor an independent contractor shall be considered an Employee.
- 1.08 **Employer** - Means an entity described in the Code which is eligible to make Premiums to Annuities under Section 403(b) and is considered the Plan Sponsor for purposes of the written plan.
- 1.09 **Participant** - Means any Employee who has established a 403(b) Annuity by signing an application with the Issuer and to whom a Contract and this rider have been issued.
- 1.10 **Plan** – Means the 403(b) Plan written and maintained by the Plan Sponsor.
- 1.11 **Premium** – Means any payments made to the Annuity.

### ARTICLE II - PREMIUMS

- 2.01 **Premiums** – Premiums must be made by the Employer that maintains the Plan, except in the case of a rollover contribution, intra-plan exchange or plan-to-plan transfer. All premiums must be paid in cash. The Employer may not make Premium payments after the Participant's death.

## 2.02 **Elective Deferrals and Catch-Up Premiums**

- (a) Elective deferrals are Premiums made by your Employer on your behalf under a salary reduction agreement. You will designate the amount or percent of Compensation that is to be deferred. That amount or percent will be in effect until changed in writing by you. You may change or end the agreement at any time as permitted by the Employer.
- (b) Catch-Up Premiums are elective deferrals made for a calendar year by a Participant who is or will be age 50 before the end of that year. If allowed by the Employer, you may be eligible to make catch-up Premiums in accordance with Section 414(v) of the Code.

2.03 **Employer Contribution Premiums** – If permitted by the Plan, Employer contributions may be made to the Annuity. The amount of the Premiums will be set in the Plan. The amount of the Premiums will not exceed any applicable federal or state limitations.

2.04 **Maximum Contribution Limits** - In no event will your Premiums to the Annuity for a tax year exceed the maximum amount permitted under current law or the Plan, if less.

- (a) The Premiums made during a tax year on your behalf, when aggregated with other Premiums made through the Employer, will not exceed the limitations set forth in Section 403(b)(1) and Section 415 of the Code for that year.
- (b) The maximum of all applicable elective deferrals, including to this Annuity, made on your behalf during the tax year will not exceed the limitations in Section 402(g) of the Code.
- (c) Premiums, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code.
- (d) Catch-Up Premiums under Section 414(v) of the Code will be subject to the contribution limits of that section.
- (e) You and the Employer are solely responsible for determining your maximum annual Elective Deferrals.

2.05 **Rollover to Annuity** - We may accept eligible rollover distributions from the following sources to be applied to the Annuity and accounted for separately, if allowed by the Plan:

- (a) a qualified plan described in Section 401(a) or 403(a) of the Code (other than after-tax employee contributions);
- (b) an annuity Contract or custodial account described in Section 403(b) of the Code (other than after-tax employee contributions);
- (c) an eligible plan under Section 457(b) of the Code that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state;
- (d) the portion of a distribution from an individual retirement account or annuity described in Section 408(a) or 408(b) of the Code that is eligible to be rolled over and would otherwise be includible in gross income; or,
- (e) eligible rollover distributions made to the Participant as a surviving spouse, or as a spouse or former spouse who is the alternate payee under a qualified domestic relations order as defined in Section 414(p) of the Code.

No amount that is distributed on account of hardship will be an eligible rollover distribution.

You will certify, in a manner acceptable to us, that such amounts are eligible rollover distributions. We are not responsible for determining whether any rollover is proper and we reserve the right not to accept any rollovers.

2.06 **Plan to Plan Transfers and Exchanges to Annuity** – If permitted by the Plan, you may transfer or exchange assets from another annuity Contract or custodial account described in Section 403(b) of the Code to this Annuity. You will certify, in a manner acceptable to us, that the transfer or exchange satisfies all current requirements for

such a transaction. We are not responsible for determining whether any such transfer or exchange is proper and we reserve the right not to accept any plan-to-plan transfers or tax free exchanges.

- 2.07 **Excess Premium Amounts** - If required or permitted by law or regulations, we may distribute any excess amount to you or the Employer. For purposes of this Section, an excess amount is the amount of any contribution made on your behalf for a tax year that exceeds the maximum amount allowable as a contribution for such tax year. Excess amount, including any allocated income, that is not permitted to be distributed will be held in a separate account and dispersed as allowed by applicable Code sections.

### ARTICLE III – PAYMENT OF BENEFITS

- 3.01 **Limitations on Payment of Benefits** - Subject to the limitations described in this rider, you may request a distribution from the Annuity upon the occurrence of one of the following events:

- (a) your attainment of age 59½;
- (b) your disability within the meaning of Section 72(m)(7) of the Code;
- (c) the Participant's death;
- (d) your severance from employment;
- (e) your financial hardship, as described in Article 3.02 of this rider;
- (f) a qualified reservist distribution under Section 414(w)(2) of the Code; or
- (g) the termination of the Plan by the Plan Sponsor.

If the value of this Annuity immediately preceding the 1989 plan year is known, such pre-1989 amounts are not subject to the distribution limitations described above unless otherwise limited by the Code or Plan requirements.

All requests for withdrawal must be in writing on a form provided by or acceptable to us. Your tax identification number (or the Beneficiary's, if applicable) must be provided to us prior to distribution. Withdrawals will be subject to all applicable tax and other laws and regulations, and Plan requirements of the Employer.

- 3.02 **Financial Hardship** – The term “financial hardship” means a financial need you incur as defined by Section 403(b)(11)(B) of the Code and may be limited by the Plan. No distributions on account of financial hardship can exceed the amount that is required to meet the immediate financial need created by the hardship. The hardship cannot be reasonably satisfied from other resources.

A financial hardship distribution may consist only of the amounts contributed through a salary reduction agreement. Earnings on the salary reduction Premium may not be included as part of the distribution. Elective deferrals must be suspended for a period of six months after your receipt of a hardship distribution. It is the Participant's responsibility to notify the Employer of the hardship distribution and the Employer's responsibility to cease the elective deferrals for the required period.

You will determine the existence of a financial hardship. If you request a distribution on account of financial hardship, you must certify, in a manner acceptable to the Plan, that a financial hardship exists and provide documentation of the hardship amount. The transaction must be approved in accordance with the requirements of the Plan.

### 3.03 **Required Minimum Distributions**

- (a) You must begin taking distributions from the Annuity no later than your required beginning date. The required beginning date will be the first day of April of the calendar year following the calendar year in which you either attain age 70½ or retire, whichever is later. The Required Minimum Distribution of your interest in the Annuity will be made in accordance with the requirements of Sections 403(b)(10) and 401(a)(9) of the Code and the regulations thereunder. Those provisions are incorporated by reference.

- (1) Your Annuity will commence to be distributed no later than the required beginning date over:
  - (A) your life or the lives of you and a Designated Beneficiary; or
  - (B) a period certain not extending beyond your life expectancy or the joint and last survivor expectancy of you and a Designated Beneficiary.

- (2) The value of the Annuity for purposes of this Section is the prior December 31 balance adjusted to include the amount of any outstanding rollovers and transfers and the actuarial value of any other benefits provided under the Annuity.
  - (3) If you participate in two or more 403(b) arrangements, you may satisfy the minimum distribution requirements by taking from one 403(b) arrangement the amount needed to satisfy the requirement.
  - (4) If the value of the Annuity as of December 31, 1986 is determinable, that amount will not be subject to a required minimum distribution until the calendar year you attain age 75 or such other date as may be allowed by law.
  - (5) It is your responsibility to satisfy the required minimum distribution rules. We will not be liable for any penalties or taxes related to your failure to take a required minimum distribution.
- (b) If you die before your entire interest is distributed to you, the entire remaining interest will be distributed as required by Section 401(a)(9) of the Code and the regulations thereunder.

3.04 **Eligible Rollover Distributions** - At your election, or the election of your surviving spouse Beneficiary, we will pay any eligible rollover distribution to an eligible retirement plan (as described in Sections 408, 401(a) or 403(a), 403(b), or 457(b) of the Code) as a direct rollover. The definition of eligible retirement plan will also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code. No amount that is distributed on account of hardship will be an eligible rollover distribution.

You or your surviving spouse Beneficiary or former spouse must specify the plan to which the eligible rollover distribution is to be paid, and satisfy such other reasonable requirements as we may impose.

#### ARTICLE IV - ADMINISTRATION

4.01 **Duties of the Company** - We shall have the following obligations and responsibilities:

- (a) to hold Premiums received by it in the Annuity, apply the Premiums pursuant to the Participant's instructions and distribute Annuity assets as required under this rider; and
- (b) to maintain records of all relevant information as may be necessary for the proper administration of the Annuity.

4.02 **Company Not Responsible for Certain Actions** – The Employer and the Participant will, to the extent permitted under law, indemnify and hold us, our employees and our agents harmless from and against any liability which may occur in the administration of this rider unless arising from our breach of our responsibilities under this rider. It is the specific intention of the parties that no fiduciary duties be conferred upon us, our employees or agents nor will any be implied from this rider or acts of us, our employees or agents. We shall not be required to perform any additional services unless specifically agreed to under the terms and conditions of this rider, or as required under the Code with respect to 403(b) plans.

#### ARTICLE V - AMENDMENT OF RIDER

5.01 We may amend this rider to comply with the Code and related regulations. Any amendment we make to comply with the Code and related regulations does not require your consent. We may also amend this rider to the extent necessary or appropriate to permit the efficient administration of the Annuity. You will be deemed to have consented to such amendment unless, within 30 days from the date we mail the amendment, you notify us in writing that you do not consent. No amendment shall be made which may operate to disqualify the Annuity under Section 403(b) of the Code.

#### ARTICLE VI - MISCELLANEOUS

6.01 **Applicable Law** – This rider is established with the intention that it qualify as an Annuity under Section 403(b) of the Code, and that Premiums be treated as such. This rider is subject to applicable federal and state laws and regulations. If it is necessary to apply any state law to interpret and administer this rider, the law of the state in which this Policy is issued will govern.

If any provision of this rider is for any reason deemed invalid or unenforceable, the remaining provisions will continue in full force and effect. Neither the Owner's nor our failure to enforce any of the provisions of this rider for any period of time will be construed as a waiver of such provisions, or the Owner's right or our right thereafter to enforce each and every such provision.

6.02 **Nonalienation** – Except as required in Article 6.04 of this rider, this 403(b) Annuity and its assets will be nonforfeitable at all time. You may not assign, pledge or in any manner encumber this Annuity, nor will this Annuity be subject to garnishment, attachment, execution or levy of any kind.

6.03 **Notices** - Any required notice regarding this Annuity will be considered effective when we send it to the last address in our records. Any notice to be given to us will be considered effective when we actually receive it. You must notify us of any change of address.

6.04 **Matters Relating to Divorce** - Upon receipt of a Qualified Domestic Relations Order (QDRO), we may retain an independent third party to determine whether the order is a qualified domestic relations order pursuant to Section 414(p) of the Code. In some instances, the determination will be performed by the Employer or the Employer's representative.

A QDRO can specify that the payment will be made at any time, either before or after a Participant's "earliest retirement age". If the QDRO does not so specify, payments under a QDRO will begin on the date of your earliest retirement age. For purposes of the QDRO, earliest retirement age will be the earlier of:

- (1) the date on which you are entitled to a distribution of benefits under the Annuity, or
- (2) the later of the date you attain age 50 or the earliest date on which you could obtain a distribution if you were separated from service.

Distribution to an alternate payee will only be made as required by the QDRO and after the QDRO is determined to meet the requirements of Section 414(p) of the Code.

6.05 **Coordination with Plan** - If this rider is used in conjunction with a 403(b) Plan sponsored by the 403(b) Owner's Employer and any terms of the 403(b) Plan and this rider conflicts, the terms of the 403(b) Plan shall govern.

6.06 **Responsibilities** – You, the Owner, represent and warrant to us that any information you provide us will be correct and may be fully relied upon by us. We will not be responsible for losses of any kind that may result from your directions to us, or your actions or failures to act. We will not be responsible for any penalties, taxes, judgments or expenses incurred in connection with this Annuity.

You will have sixty (60) days after you receive any documents, statements or other information from us to notify us in writing of any errors or inaccuracies reflected in these documents, statements or other information. If you do not notify us within 60 days, the documents, statements or other information will be deemed to be correct and accurate, and we will have no further liability or obligation for such documents, statements, other information or the transactions described therein.

To the extent written instructions or notices are required under this rider, we may accept or provide such information in any other form permitted by the Code or applicable regulations.

This rider is subject to all provisions of the Contract as long as this rider does not amend them. This rider will terminate on the same date as the Contract to which it is attached.



Secretary